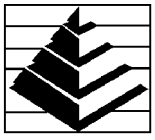
Regional Activity Plan

Proposed Activities of Partnerships for Health Reform and Data for Decision-Making for the LAC Bureau's "Equitable Access" Initiative

February 5, 1997



Partnerships
for Health
Reform

PHR

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Proposed Activities for Partnerships for Health Reform and Data for Decision-Making for the LAC Bureau's "Equitable Access" Initiative

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Introduction

Following is a brief description of a program of activities which the PHR and DDM projects propose to carry out in close collaboration with each other and with the PanAmerican Health Organization (PAHO) in support of the LAC/RSD Strategic Objective 2:

> *Sustainable country health sector reforms in effect (designed to increase equitable access to high quality, efficiently delivered basic health services).*

The proposed PHR and DDM activities will contribute to the LAC Bureau's Intermediate Result Level 1:

> *In-country capability to assess health sector problems, and to design, implement, and monitor reforms.*

The LAC Bureau has established four Intermediate Results which are treated individually below.[1] Each of the PHR and DDM proposed activities is presented under the Intermediate Objective to which it most directly relates, although in many cases activities would contribute to several objectives. A fifth component, that of program management, has also been included. Indicators established for the four Intermediate Results can be found in their respective sections.

The success of this Initiative in supporting SO 2 will be measured in part by indicators developed in a collaborative effort by personnel of the LAC and Global Bureaus, PAHO and PHR. These indicators, provided in Annex C, are summarized as follows:

Indicator 1.0: Target countries with changes in structure and functioning of the health sector, that increase at least three of the following: efficiency, equity, quality, financial sustainability, and community participation.

Indicator 1.1: Target countries that have an entity responsible for reform.

Indicator 1.2: Target countries that have an entity responsible for reform with access to analytical skills.

Indicator 1.3: Target countries that have an entity responsible for reform with an enabling policy environment.

[1] Note that the numbering of the Intermediate Results differs from the original framework in order to facilitate the presentation of activities.

Indicator 1.4: Target countries that have an entity responsible for reform with authority to direct human and financial resources to implement reforms.

Annex A provides preliminary budget estimates. These estimates, particularly those for the latter years of the program, will be refined as activities are further planned. It should be noted that implementing this proposed program would require additional obligations to the PHR and DDM projects. To facilitate the Bureau's financial planning, the budget is shown by project, activity, and proposed fiscal year of obligation.

All of the activities proposed for this Initiative will be developed in coordination with activities carried out through USAID missions, other Bureaus, other CA's, and other donor agencies such as the InterAmerican Development Bank and the World Bank.

Target countries have been identified for this initiative. They receive more intensive attention (for example, technical assistance visits to follow-up a workshop introducing a new analysis technique) and monitoring (we report only their progress in our indicators tables) than other LAC countries. Non-target countries benefit from our initiatives--new technologies are shared with them, but we do not pay direct costs for their participation--attendance at workshops, for example. For this initiative, the target countries are all of the USAID presence countries with PHN strategic objectives: Bolivia, Ecuador, Peru, Paraguay, Brazil, Mexico, El Salvador, Guatemala, Honduras, Nicaragua, Dominican Republic, Jamaica, and Haiti.

It should be noted that all activities will be regional in nature, although many activities will also contribute to specific country programs.

1.0 Methodologies and Tools

Intermediate Result 1.0: Methodologies and tools developed and tested for analysis and design, implementation and monitoring of country health sector reforms

Indicator 1.0: Target countries using 50% of the methodologies and tools developed, tested and disseminated by this program.

1.1 National Health Accounts (NHA)

At the present time, policy makers in LAC countries must often make major decisions about strategies, the allocation of financial and human resources, regulation of the private sector, and other issues based on an incomplete and distorted picture of current health sector financing and activities. Information on private sector financing and services is particularly deficient. Further, the lack of uniform definitions and measurements among countries prevents cross-country comparisons which would help

to identify where and why some countries are achieving better results from their health investments than others.

Despite the importance of having accurate estimates of health financing flows, few countries outside the Organization for Economic Cooperation and Development (OECD) (where they have proven very useful) have developed the capacity to produce national health accounts (NHA). Now, however, the awareness of the need for such estimates has risen sharply. At the same time, health planners at the Harvard School of Public Health (HSPH)[2] and elsewhere have developed methodological tools that permit attainment of reasonable NHA estimates with limited expenditures of time and financial resources.

With LAC Bureau support, we propose that a PHR team work with counterparts from five Latin American countries first to develop a common accounting and data collection framework, and then pilot test it, in collaboration with PAHO (as explained below), to produce National Health Accounts for their countries. Analyses of these data will facilitate comparative studies among countries. PHR will work in partnership with and provide training and technical assistance to groups in each participating LAC country. PHR expects to carry out this activity in close collaboration with a regional institution with experience on NHA and which can also help to disseminate results and methodology throughout the region. HSPH software to facilitate the preparation of NHA (developed earlier with USAID assistance under DDM) will be translated into Spanish, refined, tested, and made available to others.

Following completion of the technical work, PHR plans to disseminate results through one or more regional conferences that a regional institution will sponsor. Visits might also be made to selected LAC countries for the purpose of stimulating the establishment of a NHA system and helping to get it started. Funds to carry out such visits have been included in the PHR budget for years 3 and 4.

PHR will provide reports and other written descriptions of the tools and methodologies as well as the actual findings at the implementation test sites. Later, if appropriate, such reports and other materials may be incorporated into other PHR dissemination efforts such as those suggested in sections 2.0 and 4.2 below.

In implementing this activity, PHR plans to collaborate with PAHO through the development of technical methodologies, workshop participation, and technical support to country study teams. In particular, PAHO and PHR have agreed to the following division of responsibilities:

- PAHO will organize at least two meetings of technical experts on NHA. The results of these meetings will feed directly into the technical content of the PHR-NHA Initiative workshops and country studies;

[2] A member of the PHR Team.

- PAHO and PHR propose that USAID include funds for two of the five NHA country studies in the Equitable Access to Basic Health Services Project grant to PAHO. PHR would conduct three country studies. The two PAHO country study teams would be full participants in the PHR-NHA Initiative, attending workshops and producing comparable data;

- Both PAHO and PHR country studies will follow the methodologies emerging from the technical expert meetings and the PHR-sponsored workshops;

- PHR will be responsible for organizing the regional NHA workshops, with technical input from PAHO and others;

- PAHO and PHR will be responsible for the costs of their respective country study teams and consultant participation in the PHR-sponsored workshops;

- Finally, PHR will be responsible for producing a final report on the five-country activity. PHR and PAHO will collaborate on disseminating that report and on additional dissemination of the NHA methodology to other LAC countries.

These activities allow for PAHO's substantive participation in the network, while still ensuring that the comparable methodology of NHA is utilized in every country study.

The PHR-NHA activities have been initiated and will require approximately one year to complete. The proposed budget is $500,000.

1.2 Decentralization

Latin American governments have traditionally sought to finance and provide health care through the public sector, creating Ministries of Health in which decision-making was highly centralized. A number of governments are now moving toward decentralization of health sector management and services, although new policies and structures and intermediate goals (e.g., to relieve pressure on central government finances; to allow local leaders and consumers more of a voice in determining what services are provided; to reduce the role of government as a service provider) vary widely. There has been little effort to document the effect of changes that are being introduced on equity, efficiency, quality, sustainability and participation. Knowledge of the effect of changes on these intermediate outcomes will allow us to know how decentralization can be expected to impact on child and maternal mortality, fertility, the spread of HIV/AIDS and other STDs, as well as other important health sector objectives.

DDM would take the lead in designing and carrying out consistently implemented empirical studies to assess the impact of existing decentralization experiments in three or four Latin American countries. Likely candidates would include

Chile, Colombia, Bolivia, Paraguay and Nicaragua. Work could begin in early 1997. A final workshop at the end of 1997 to present results could include participants from USAID presence countries with PHN programs in the LAC region; other countries would be invited to participate at their own expense.

PAHO is currently organizing a regional meeting on decentralization and health systems to be held in Valdivia, Chile in March of 1997. DDM representatives will make every effort to participate in this meeting. Also, the results of the meeting will be taken into account when implementing this study.

The studies would contribute to the development of the following tools and methodologies:

- A rapid assessment tool for assessing the characteristics and degree of decentralization for monitoring implementation processes.
- A methodology for defining and evaluating the decentralization process and impact that can be applied comparatively for lessons learned.
- Specific guidelines or manuals designed to maximize the effectiveness of decentralization mechanisms such as block grants; earmarked taxes; intergovernmental transfers; norms and standards; and others.
- This study will also support PAHO's efforts to develop an effective monitoring system and indicators for progress in health reform by developing and testing indicators and data collection mechanisms related to decentralization which would then be incorporated into the monitoring system.

This component is considered high priority as there is considerable consensus on its importance, and DDM is prepared to begin work in the near future. The estimated cost is $350,000.

1.3 The Transformation of Government's Role

Although the reforms being undertaken in the region differ, almost all of them entail significant changes in the role played by Ministries of Health. In many cases, the reforms call for transforming Ministries from centralized institutions that finance and operate national health care delivery systems to institutions that provide financing, establish an environment that encourages appropriate provider and consumer behavior, and carry out certain regulatory functions. However, little is known about how to transform old institutions to perform new roles, or what their structure should be.

Furthermore, while the health reform processes in many countries are obligating Ministries of Health to shift roles, there is considerable resistance to doing so. This in part is due to a lack of clarity about the new functions individuals are expected to

perform, as well as a lack of capacity to actually carry out apparently necessary functions in the new paradigm.

DDM[3] would study these issues in relation to a specific Ministry of Health, and in the process develop tools and guidelines that will help governments to move through this difficult process. The feasibility of this effort will depend on the interest and willingness of one or more USAID-countries to collaborate.

Some of the tools and methodologies which we anticipate could result from this effort are:

- Tools to assist Ministries of Health in assessing their current capacities in carrying out their perceived roles in a changing environment.

- A rapid assessment tool for institutional analysis of the role and functions required by Ministries of Health engaged in the health reform process.

- Guidelines and manuals for restructuring Ministries to meet changing functions which might include the creation or strengthening of capacities in such areas as market analysis, public relations, quality assurance, supervision and monitoring, and licencing and accreditation.

- Training modules for new skills such as market analysis, contracting, and quality assurance.

DDM will coordinate this activity with PAHO which plans to field test, revise and produce a final "Health Sector Analysis Framework". PAHO also plans to elaborate a "Framework for formulating Detailed Implementation Plans of Health Sector Reform". Coordination between DDM and PAHO activities will be maintained during the regular meetings between PHR, DDM, PAHO and USAID.

The estimated cost of this DDM activity is $350,000.

1.4 Other Methodologies and Tools

PHR and DDM will each submit work plans proposing additional methodologies and tools to be developed, tested, and disseminated. Selection of specific topics will be made with USAID concurrence and consultation with PAHO and other appropriate institutions. While PHR and DDM will take the lead in these activities, PAHO will be actively involved to ensure that the tools and methodologies developed in the discussion of Intermediate Result 1.0 are incorporated into long-term program efforts. In addition

[3] This is proposed initially as a DDM activity, but will depend on the availability of future funding and the continued existence of DDM.

to the three specific topics mentioned above, the following are potential and relevant areas of study from which methodologies and tools could be usefully developed.

- Alternative Approaches to Extending Access to Care
- Alternative Financing Mechanisms, including
  - Private Health Insurance
  - Hospital Autonomy and Privatization
  - HMO's and Alternative Forms of Managed Care
  - Provider Payment Mechanisms.
- The Process of Health Reform
- Quality, Cost and Financing

PHR will develop work plans and budgets for each additional methodology to be developed. The total estimated cost is $700,000.

2.0 Information and Dissemination

Intermediate Result 2.0: Information on health reform efforts and experience gathered and made widely available to interested parties in LAC countries and to health sector donors

Indicator 2.0: New titles in the BIREME/LILACS collections of published and fugitive LAC health sector reform literature appropriately abstracted and accessible.

2.1 Information and Dissemination

The proposed PHR and DDM activities are designed to generate reliable information on the region's health reform efforts and experience and to disseminate that information effectively. Both projects regularly distribute reports and other publications to their respective lists of contacts in the region and around the world. All materials will be translated into Spanish, and selected materials will be translated into Portuguese and French. Access to all documents will be provided electronically through PHR's home page and other on-line mechanisms as described below.

PHR plans to disseminate findings from the applied research through journal articles, research papers and briefs, and conference presentations. Abstracts, summaries of findings, and complete documents will be provided to online library services such as the BIREME/PAHO health information system and POPLINE (funded by the Office of Population and managed by the Center for Communications Programs at Johns Hopkins School of Public Health) for dissemination to subscribers. PHR will also occasionally publish and post "information briefs" that compile sources of information on specific topics of health policy. The briefs will also be used to describe ongoing PHR and DDM activities in the region in relation to the LAC Bureau Initiative. It is anticipated that

PHR will also provide assistance to PAHO in indexing and cataloging new health reform literature to be included in PAHO's clearinghouse.

As part of the feasibility study for dissemination and connectivity proposed in section 4.2, PHR will explore the possibility of preparing and producing a CD-ROM that compiles and cross-references the studies, tools and data sets generated under this four-year LAC Initiative for distribution to libraries, research institutions, and training centers around the region. PHR estimates that this activity which would occur at the end of this program, would cost approximately $50,000.

The estimated total cost for the entire activity is $150,000.

3.0 Monitoring and Feedback

Intermediate Result 3.0: **Reform processes and outcomes monitored and feedback provided to countries, donors, and other partners.**

Indicator 3.0: Target countries for which data is available analyzed, and reported by PAHO to country program managers donors, and other partners for principal indicators of health sector reform process and outcomes.

3.1 Monitoring and Feedback

All of the various components described above supporting IR 1.0 will involve the development of tools and methodologies which focus on various aspects of health reform. In each case, specific indicators will be developed and tested. As PAHO is expected to take the lead in monitoring health reform in the region and as these indicators will contribute to that effort, PHR will seek PAHO's active participation in the development of these indicators. The various Result Indicators described in this document were, in fact, developed in collaboration with PAHO.

Complimentary to this work for the LAC Bureau, PHR has been asked by USAID's Global Bureau to develop indicators which can be used for effectively measuring the progress of health reform in USAID priority countries. These indicators might focus on coverage, efficiency, quality, equity, sustainability, community participation and related areas. Similar efforts are underway among other donors, including PAHO under this Initiative. PHR expects to collaborate very closely with PAHO and the other donors to help evolve a set of indicators which are efficient and reliable. These indicators and the mechanisms utilized to collect and analyze them could be incorporated into the general health reform monitoring system mandated to PAHO.

The indicator development Initiative of PHR will also include an attempt to design indicators and mechanisms to help USAID Bureaus and missions to chart progress toward fulfillment of their own Strategic Objectives and Results Packages. In this case, PHR would provide specific assistance to the LAC Bureau to develop and implement methodologies for measuring progress toward its Strategic Objectives, including this "Equity Initiative".

The total estimated cost for this activity is $200,000.

4.0 Sharing Between Countries and Institutions

Intermediate Result 4.0: Opportunities and means to share experience and advice between countries are established.

Indicator 4.0: The number of target countries with electronic networks of public and private members

4.1 Creation of a LAC Health Reform Research Network

There exist a number of institutions in Latin America capable of carrying out high quality research related to health reform.[4] These institutions have accumulated considerable knowledge and experience in relation to the various countries of the regions, the problems and challenges of health reform, research methodology, and local research capabilities in each country.

Most of those institutions, however, are based in countries which are relatively advanced in terms of health care reform, and which are no longer the focus of USAID activities. On the other hand, throughout the region there exist a number of local institutions which could benefit from collaboration with more experienced groups, further developing the institutional capacity to carry out such research in the future.

To enhance the quality of the research efforts of this Initiative, the capacity of local research institutions, and provide valuable information related to health care reform, we propose creation of a network of leading LAC researchers and think-tanks working on health reform issues which could be linked to key institutions in the U.S. also working on similar issues. Together they would in turn develop the capacity of additional local research groups in carrying out studies related to health care reform.

This network would be a small group representing the most highly recognized LAC and U.S. policy research organizations and leading scholars who are currently contributing to the field of health reform. It would be convened approximately twice a year to review proposals, suggest research design parameters and methodologies,

[4] Such institutions include the Mexican Health Foundation (FUNDSALUD), FEDESARROLLO in Colombia, the University of the West Indies and others.

identify and perhaps help arrange appropriate research sites and opportunities, suggest local collaborators. It would also informally monitor and review the research and development of tools and methodologies of the various components suggested in support of IR 1.0. It would also participate in the dissemination of both knowledge with respect to the reform efforts, as well as the tools and methodologies.

This network is likely to overlap the Interamerican Network of Health Economists and Financial Specialists (REDEFS), drawing on the expertise of some members to help other members.

The Network would be organized initially by the DDM project. At least one senior staff member from PAHO will be incorporated in and participate as an observer in meetings of the Network.

Network members may also have a role in carrying out specific activities within the Initiative agenda. Rather than simply do the research themselves, however, their role is envisioned as providing institutional capacity support through technical assistance and technology transfer to local less-developed health reform research groups.

It should be noted that while DDM is expected to take the lead on this activity, funds have also been budgeted for PHR in order that activities continue past the present termination date of the DDM in September, 1998.

We consider this activity an enhancement to the quality of the other components. Nevertheless, since various other groups exist which could possibly serve a similar although not identical function, we would assign it a lower priority should funding be limited.

As the role of the Network is to enhance the quality of research carried out by the Initiative, and to provide institutional strengthening to local research groups, no funds have been budgeted to cover additional areas of research. A total of $175,000 has been budgeted to support the biannual meetings and communications of the Network itself, of which $150,000 could be implemented through DDM and $25,000 through PHR. Any additional Network activities would need to be charged to the other program components.

4.2 Connectivity to Support Networking and Information Dissemination

With so many institutions and individuals actively engaged in the study and implementation of health reform in countries of the LAC region, new communications technologies have already and can be further exploited to promote sharing of experiences and dialogue on health reform throughout the region. The worldwide web, the Internet, and the CD-ROM provide opportunities to increase swifter and greater access to information in an efficient and cost-effective manner.

PHR's mandate from USAID's Global Bureau to develop and carry out a connectivity Initiative as part of its dissemination strategy places it in excellent position to support assessment, training, and networking activities in the LAC region. In addition to its materials development and conference management capabilities, PHR could devote a section of its home page to the LAC region and set up links to the home pages of PAHO, USAID, and the DDM Project and to those existing among regional and national institutions. Information about ongoing research activities, abstracts and findings, forthcoming workshops, conferences, and publications can all be posted as they develop. On-line bulletin boards, listservs for information-sharing among specialized groups, and even chat lines or video-conferencing (where available) can be used to reduce time and travel costs.

Furthermore, PHR dissemination and connectivity staff and consultants with experience in the region and Spanish-speaking ability can offer technical support and training, if necessary, to institutions and users in the region on the use of the Internet, the Web, and other technologies to access and publish information and manage their own information-sharing networks.

Many of the analytical tools described in sections above could also be distributed via on-line means or in CD-ROM format for those countries where the telecommunications infrastructure, and therefore easy access to the Internet, is weak or limited. Using a combination of CD-ROM and the Internet, interactive multi-media content could be developed for distance training in the use of a particular tool or methodology developed under this proposal, perhaps in collaboration with regional training institutions.

PAHO is proposing to establish a clearinghouse for managing and sharing relevant health sector reform information and results of ongoing projects. PHR proposes to support PAHO in this effort by providing health sector reform materials produced by USAID to be included in this clearinghouse and to connect all USAID missions and counterparts to this Initiative.

In order to develop a plan that avoids duplication of existing electronic communication channels already within the region and among international institutions, PHR, with PAHO as an active participant, proposes to carry out an assessment study, identify key players in the region, identify information gaps, and survey the interested institutions and intended user audiences for either on-line networking and/or on-line reference services. This assessment would attempt to identify who are the key actors of the region to be "connected" and determine what mechanisms could be used to connect them.

An immediate outcome of this assessment will be an inventory or catalogue of existing on-line networks and information sources relevant to health reform in the region. PHR, with PAHO input, will then develop a strategy to support this proposal's networking activities, including focus, content, and products. An additional outcome

will be the development of a plan for improving linkages among specified groups throughout the region involved with health care reform. These include linkages to data bases managed by donor agencies, governments, and other institutions; and networks to support research in areas related to health reform. It is our intention that expansion of an electronic network should enhance the work of existing health reform networks.

In this effort, much remains to be decided, which is the purpose of the assessment. PHR will carry out the assessment, in full collaboration from PAHO which will provide a technical person to devote time to this activity. The assessment will survey target audiences of USAID Missions, suitable public and private counterparts, and members of regional networks using a simple one-page questionnaire distributed via mail, telephone, interviews and E-mail. It will also involve some travel to countries in the region and research on telecommunication capacities and existing resources. PHR, working in consultation with PAHO, will submit a scope of work for this assessment to USAID no later than mid-February, 1997. Preliminary planning, initial meetings with PAHO, and the one-page "client questionnaire" have been done to date.

The responsibilities for implementing the recommendations of the assessment will be included as part of the assessment. Those recommendations will have to be considered in light of their budgetary implications and value to the Initiative and the health reform process in the region. PHR's involvement in follow-up activities will also be determined at that time.

The connectivity component is estimated to cost a total of $260,000.

4.3 Technical Support to Sub-regional Health Reform Groups

In order to share experience and information more effectively, a number of sub-regional country groups on health have emerged. They include the Andean Health Reform Group, the Amazonian Group, the Cono Sur Group, REDEFS, and others, and may prove to be effective vehicles for both linking country programs and efforts to the regional activities of the Initiative, as well as be excellent mechanisms for dissemination. In any case, the links between the various countries in each sub-regional group already exist, and meetings and activities do occur with greater or less frequency.

An example is the Andean Health Reform Technical Group which is an outgrowth of a legal mandate,[5] and is supported by funds from each of the six Andean Pact countries. It has a structure with a secretariat and a president based in Lima, Peru. Representatives of each of the countries are typically high-level technical personnel who attend periodic meetings and coordinate activities in their own countries, but who typically have other responsibilities as well.

[5] The Convenio Hipólito Unanue which emerged as part of the Acuerdo de Cartegena, a summit meeting of the Presidents of six Andean Pact countries: Venezuela, Colombia, Ecuador, Peru, Bolivia, and Chile.

One of the activities of the Andean Health Reform Technical Group is to carry out research on topics of common interest. Each country is assigned responsibility for coordinating efforts on one or two topics. Themes currently selected include pharmaceuticals, the organization of health services, modules of primary health care, maternal child health, and drug addiction.

Health reform is also a specific topic, and a group of technical personnel recently met on this theme in Quito as a prelude to the annual Andean Health Ministers Conference. Information with respect to advances in health reform in each country was tabulated and presented at the Ministers Conference.[6] The effort earned a mandate from the Andean Health Ministers to continue their efforts. The Ministers are scheduled to meet quarterly to discuss advances and to consider publishing a bulletin.

At this point in time, it is not clear exactly how the Initiative could effectively be linked with and support this or any other sub-regional group. It is clear that the potential exists to utilize and support this structure as both local and sub-regional collaboration for other Initiative components such as those suggested in section 1.0. Members of such groups might also be incorporated into the Regional Research Network and could certainly be an excellent channel for connectivity and dissemination.

Recent evidence from Central America suggests that USAID health officers may wish PHR assistance in preparing them to dialogue on health reform issues with their ministerial counterparts and with these sub-regional groups. In order that they be well-informed with regard to the trends and the latest technologies in the region, PHR training activities may be planned to help them enhance their skills. Such activities would most likely include sub-regional workshops as a continuing education strategy.

PHR proposes to utilize a health reform expert assigned to LAC activities (See section 5.0) to explore the potential for collaborating with these sub-regional groups on activities of mutual interest. This will require that this person and other PHR personnel establish regular contact with key technical personnel involved in health reform throughout the region and attend selected regional meetings. Assuming initial explorations prove fruitful, PHR will develop a plan suggesting how the LAC Bureau might utilize and support these existing organizations to enhance health reform efforts. This will be done in coordination with PAHO which is largely responsible for the creation of many of these regional groups.

Providing support to the sub-regional groups will cost an estimated $365,000.

4.4 Study Tours

Indicator 4.1: The number of target countries hosting and sending participants on study tours and/or sub-regional topical meetings.

[6] The Secretariat for this particular effort was a USAID-supported research institute in Ecuador called CEPAR, which is coincidently an active PHR counterpart group on country health reform in Ecuador.

To facilitate learning from the experiences of other countries, PHR and DDM propose to arrange study tours for LAC participants. These trips will permit participants to observe the functioning of alternative financing and delivery systems, including hospital management, private health insurance, managed care and other innovations currently under consideration. Study tours might include trips to other LAC countries, as well as to the U.S. and other OECD countries. Priority would be given to visits that support other Initiative components.

A total of $150,000 has been budgeted for the study tours.

5.0 Program Management and Monitoring

Most of the activities previously mentioned will require considerable planning and management. In nearly all cases, an annual up-date, including proposals and budgets will be required as well. PHR will support this effort by providing a Technical Officer who is a health reform specialist for this Initiative. This person will be responsible for the planning, implementation and monitoring of all program activities implemented by PHR, for reporting on those activities to the LAC Bureau and for the coordination of those activities with DDM and PAHO. The health reform specialist will also contribute to the technical work carried out. PHR will also provide needed administrative support staff to ensure the efficient recruitment of needed consultants, travel arrangements, the production and dissemination of documents and logistical support.

The total cost of program management and monitoring, including related travel, would be approximately $250,000 per year. These costs have been largely distributed among the various Intermediate Results. We consider this component to be critical to the success of the others, and thus is high priority for continued funding. FY '95 funds will cover this component for a minimum of two years.

5.1 Internal PHR Management

The health reform specialist mentioned in the previous section would be the person directly responsible for managing the LAC Bureau regional activities. Nevertheless, we propose that this person form an integral part of the PHR team, and that other PHR technical staff also provide support to the managerial and implementation aspects of the program. The PHR Technical Officer responsible for Latin America would share some of the management and coordination activities ensuring that all components move ahead smoothly and that they are coordinated with PHR activities financed by Missions and the Global Bureau and with other donors. This PHR staff support will be particularly important due to the considerable amount of travel likely to be required of the LAC health reform expert.

Both PHR Technical Officers assigned to the Latin American region are backed up by operational and administrative personnel working as a team, as well as the PHR management team. Activities and information are widely and systematically shared through Team Planning Meetings, activity meetings and briefings, and shared communications.

5.2 Coordination Between PHR and the DDM Projects

Although this proposal is submitted jointly by PHR and DDM, each Project will be responsible for separate activities, and will be required to report to different USAID COTR's, and eventually be evaluated separately. Administratively, the Projects are entirely separate.

On the other hand, the principal institutional contractor of the DDM Project, The Harvard School for Public Health, is also an institutional contractor of PHR which facilitates greatly the coordination, and eventually the transition of responsibilities for selected activities from DDM to PHR. Indeed, DDM/HSPH staff could be made available under PHR to continue activities initiated under DDM.

Given the fact that DDM is based in Boston, and thus less accessible to coordination meetings with the LAC Bureau or to meetings with PAHO and other donors, PHR agrees to a policy of keeping DDM informed of all Initiative developments. PHR, however, is not in a position to fully represent DDM to the LAC Bureau or PAHO, which will be done by DDM directly when necessary.

Communications between the two Projects is consistent and clear. Demonstration of the level of collaboration is the fact that this proposal is submitted jointly, and fully vetted by both Projects.

5.3 Coordination with the LAC Bureau

The LAC Bureau field support funds for PHR and DDM activities under this initiative will be managed by G/PHN/HN/HPSR. PHR coordination of LAC Bureau activities will be done primarily by the LAC Health Reform Specialist and the PHR LAC Technical Officer, through G/PHN[7]. In order to insure close coordination for all activities and to keep all groups apprised of results and plans, PHR and DDM will encourage meetings with the LAC Bureau, G/PHN, and PAHO at least quarterly to review all Initiative activities.

5.4 Coordination with PAHO

The principal means of general coordination with PAHO for both PHR and DDM will be through their respective program managers, currently Daniel Lopez-

[7]As a matter of convenience, in many cases PHR or DDM staff will discuss program activities directly with LAC/W and mission staff, or provide copies of documents to them at the same time they go to the COTR.

Acuña for PAHO, John Holley for PHR, and Tom Bossert for DDM. They will meet frequently, probably at least once per month during the first year. In addition, PHR and DDM personnel working on technical activities will be in regular contact with PAHO personnel in order to maintain a technical interchange. Copies of appropriate PHR and DDM reports and Initiative documents will also be distributed to PAHO.

5.5 Reporting

PHR and DDM will report to their respective Global Bureau COTRs on activities in this initiative as part of ongoing reporting requirements for their contract and cooperative agreement, respectively. Information concerning this initiative will be copied to LAC/RSD-PHN.

Annex A: Preliminary Budget Estimates
Preliminary Budget Estimates for PHR and DDM Activities with the USAID LAC Bureau

	Year 1 FY 95		Year 2 FY 96		Year 3 FY 97		Years 4-5 FY 98-99		TOTALS	
Strategic Objectives and Proposed Activities	**PHR**	**DDM**	**PHR**	**DDM**	**PHR**	**DDM**	**PHR**	**DDM**	**PHR**	**DDM**
1.0 Methodologies/Tools										
1.1 National Health Accounts	400,000	-	50,000	-	50,000	-	-	-	500,000	0
1.2 Decentralization		200,000		150,000						350,000
1.3 Transformation of Government's Role						350,000				350,000
1.4 Other Methodologies/Tools	290,000		160,000		140,000		110,000		700,000	
PHR Technical Support	90,000		85,000		112,500		112,500		400,000	
Subtotal	780,000	200,000	295,000	150,000	302,500	350,000	222,500	0	1,600,000	700,000
2.0 Information										
2.1 Information and Dissemination		50,000			50,000		50,000		100,000	50,000
PHR Technical Support	20,000		5,000		25,000		25,000		75,000	
Subtotal	20,000	50,000	5,000		75,000	0	75,000	0	175,000	50,000
3.0 Monitoring/Feedback										
PHR Technical Support	40,000		40,000		60,000		60,000		200,000	
Subtotal	40,000		40,000		60,000		60,000		200,000	0
4.0 Sharing Between Countries & Institutions							-			
4.1 Creation of LAC Health Reform Research Network	-	50,000	-	50,000		-	50,000		50,000	150,000
4.2 Connectivity Through Internet	50,000		50,000	-	100,000	50,000	100,000	-	300,000	
4.3 Technical Support to Subregional Groups	80,000	-	50,000	-	150,000	-	150,000	-	430,000	
4.4 Study Tours	60,000	-	60,000	-	60,000	-	-	-	180,000	
PHR Technical Support	30,000		7,500		37,500		37,000		112,000	
Subtotal	220,000	50,000	167,500	50,000	347,500	50,000	337,000	0	1,072,000	150,000
5.0 Program Management & Monitoring										
PHR Technical Support	40,000	0	10,000	0	50,000	0	50,000	0	150,000	
Subtotal	40,000	0	10,000	0	50,000	0	50,000	0	150,000	0
TOTAL	1,100,000	300,000	517,500	200,000	835,000	400,000	744,500	0	3,197,000	900,000

Annex B: Other Topics to be Considered for Intermediate Result 1.0

Other Topics to be Considered for Intermediate Result 1.0

In addition to the three specific topics mentioned in section 1, the following are possible areas for which methodologies and tools could be produced:

1. Alternative Approaches to Extending Access to Care

Among the most significant issues facing each of the countries of the region is the challenge of how to extend coverage to under-served populations. Strategies to expand coverage have important implications in terms of equity, cost-effectiveness and quality. Many Latin American countries are progressing rapidly in their health reform efforts. To this end, Colombia, Chile, Bolivia, and Costa Rica represent distinct approaches, with other countries offering lessons in specific areas and interventions. There is great interest throughout the region in learning from the experience of others.

PAHO is attempting to stimulate policy reform toward expanding coverage and is developing indicators to measure progress in each country. This effort is also a part of the "Equitable Access" Initiative, and would complement and support proposed PHR activities which are focused on the impacts and factors affecting the success of health care delivery and financing strategies. The tools and methodologies developed and tested in the process of carrying out this component would contribute to the monitoring system which PAHO will be implementing.

PHR proposes that a comparative analysis be conducted in 3 or 4 countries to assess the implications of various existing innovative strategies to enhance coverage, equity and sustainability. Examples of possible study components are the social sector legal reform mechanisms enacted in Bolivia; the Seguridad Social Campesino system in Ecuador; the block grant system in Peru; "Iguales Médicas" in the Dominican Republic; and fee-for-service coverage for low-income populations such as PROSALUD in Bolivia. The Research Network proposed in section 4.1 could assist in identifying the appropriate models for study, as well as the methodologies to be employed.

In all cases, the focus would be on identifying those factors which contribute to or limit the impact of each strategy on coverage, equity, and sustainability. PHR and PAHO would ensure the wide dissemination of results to other interested countries just embarking on the health reform process.

The tools and methodologies to be developed and tested would depend to a certain degree on the specific study components selected, but could include:

- Methodologies and instruments for assessing the extent of primary care coverage in relation to different care delivery and financing models.
- Computerized simulation models for predicting the effect of health care delivery and financing models on coverage.
- Equity and sustainability criteria and guidance for assessing the feasibility of adopting the various models in other settings based on identification of factors affecting success in the countries studied.

2. Alternative Financing Mechanisms

Many Latin American countries are considering alternative financing mechanisms. Topics about which health planners are seeking additional information and tools include:

- Private health insurance
- Hospital autonomy and privatization
- HMO's and alternative forms of managed care
- Provider payment mechanisms

With the assistance of the Research Network described in section 4.1, PHR could create a plan to identify and carry out research in at least one of these areas. The need for such studies clearly exists, but priorities must be established to reflect the most pressing interests, gaps in knowledge, and the availability of funding.

The specific tools and methodologies to be developed and utilized would depend on the area of study. Examples, however, might include

- Tools and simple simulation models to suggest the effect of insurance coverage and/or managed care on the extension of coverage and equity.
- Rapid assessment tools to assist countries to determine actuarial estimates of insurance coverage.
- Methodologies for conducting feasibility studies for different models of managed care.

3. The Process of Health Reform

The importance and complexity of the political process in the formulation of health policy reform has been recently pointed out. "Policy reform is inevitably political because it seeks to change who gets valued goods in society. Five specific reasons can be proposed to explain the political dimensions of policy reform: 1) the reform represents a selection of values that express a particular view of the good society; 2) reform has distinct distributional consequences in the allocation of both benefits and harms; 3) reform promotes competition among groups that seek to influence the distributional consequences; 4) the enactment or non-enactment of reform is often associated with regular political events or with political crises; and 5) reform can have significant consequences for a regime's political stability or longevity."[8]

Regardless of the apparent utility of reform strategies in terms of improved health care, equity, or quality, unless they are able to gain political acceptance, they may never be implemented. Initial studies of the reform process suggest that there are certain conditions and strategies which may prove either beneficial or disastrous to the successful introduction of health reform. The parameters of those characteristics are, however, not yet well understood, but could prove to be critical in achieving lasting health care reform.

Worldwide experience suggests that implementing changes in health systems is always a difficult process. Latin America presents an array of experience with the process of reform, but little is known about why reform has moved ahead in some countries and been stifled in others. A systematic study could be carried out comparing the experiences of several countries that have implemented some form of reform (Chile and Colombia), those that are in the process of initiating health reforms (e.g., Argentina, Bolivia, Peru, and El

[8] "The Politics of Health Sector Reform in Developing Countries: Three Cases of Pharmaceutical Policy" by Michael R. Reich, in *Health Sector Reform in Developing Countries - Making Health Development Sustainable*, ed. Peter Berman, Department of Population and International Health, Harvard School of Public Health, Boston, Massachusetts, 1995, pg. 62.

Salvador), and those which have attempted Initiatives which appear to have stalled (Mexico). This study could yield important lessons about the process of decision-making, conditions that are favorable and unfavorable to successful reform, the success of alternative political strategies, and reform packages more likely to be executed.

Tools and methodologies which we anticipate would result from this effort include:

- A modification of the political mapping tools specifically designed for assessing health reform stakeholders in Latin America - with case studies to demonstrate specific lessons.

- Guidelines on identifying key opportunities and obstacles to adopting and implementing health reform, with suggestions for taking advantage of opportunities and overcoming obstacles.

The proposed Health Research Network (see Section 4.1) would play an important role in identifying the appropriate countries to utilize as case studies, and would most likely help in designing the studies as well as the analytical tools and methodologies to be employed. Representatives from the sub-regional health reform groups will also likely be involved in this effort (See Section 4.2).

4. Quality, Cost and Financing.

One of the principal objectives of health reform is the provision of higher quality, more cost-effective services. Activities carried out by the HFS and Quality Assurance Projects suggest that there exists a complex relationship between cost and quality. Key links which have been identified include poor quality and increased costs through mismanagement, poor resource utilization and ineffective treatments; consumer perceptions of quality and the willingness to pay for services, thus producing funds to sustain or make further improvements in quality; quality enhancing incentives and disincentives from possibilities of increased fee revenues; costs and cost-savings from improving quality and encouraging user payments; the effect of quality on staff morale, teamwork, and productivity.

The PHR literature review for its Applied Research Agenda identified the need to know more about a number of issues including:

- Which administrative and clinical activities are particularly affected by the relationship between costs and quality.

- The costs of poor quality within these activities.

- The costs of improving quality for these programs.

- The benefits and cost-effectiveness of quality improvement strategies and activities.

- The potential for income generation resulting from quality assurance interventions.

Answers to these issues have tremendous implications for cost-savings, financing reforms, and service improvement throughout the world. Additional studies are required to test various quality improvement strategies in a variety of settings to further refine our understanding of their effectiveness, and to disseminate results.

As part of its Major Applied Research program, PHR expects to initiate comparative research in several countries on these issues later this year. Since the design and much of the field work for this research will be funded by USAID's Global Bureau, the opportunity exists to extend this research and to give it a particular focus in the LAC region. For this reason, we propose that the same methodology could be applied to at least two countries in Latin America, after which a regional conference on Cost and Quality could be held to disseminate findings.

Appropriate research questions would be refined, and local sites identified in which there is interest in carrying out the research. Such sites must also be representative in the sense that the results of the interventions are generalizable not only to the country, but also internationally. The proposed Regional Research Network could help identify and arrange such sites, as could participation of the sub-regional technical health reform groups. Local institutions could be trained and supported to assist teams in the selected institutions to plan and carry out the actual interventions.

In addition to enhancing our understanding with regard to the relationship between cost and financing and quality, two distinct types of products could be expected from this effort. The first is the further development and application of quality assurance strategies, tools and methodologies. The second involves the knowledge, tools and procedures generated from the individual interventions themselves. The findings and methodologies from such interventions can usually be disseminated and utilized in other similar institutions locally, but may also be of utility elsewhere as well. These might include improved fee collection procedures; mechanisms for reducing patient waiting time; and methods for reducing vaccine wastage.